

CITY OF BLOOMFIELD, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

CITY OF BLOOMFIELD, IOWA

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CITY OF BLOOMFIELD, IOWA

OFFICIALS
JUNE 30, 2011

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Chris Miller	Mayor	January 2014
Jeff Anderson	Mayor Pro Tem	January 2012
Jeff Anderson	Council Member	January 2014
Leah Howk	Council Member	January 2014
Jerry Kincart	Council Member	January 2012
Dee Johnson	Council Member	January 2012
Earl Howard	Council Member	January 2012
Carol Taylor	Clerk/Treasurer	Indefinite
Michael Moreland	Attorney	January 2012

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Bloomfield, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa as of June 30, 2011, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2012 on our consideration of the City of Bloomfield, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 8 and 21 through 23 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bloomfield, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The financial statements for the three years ended June 30, 2004 (which are not presented herein) were audited by other auditors. The other auditors expressed unqualified opinions on those financial statements which were prepared in accordance with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
March 26, 2012

CITY OF BLOOMFIELD, IOWA MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2011

The City of Bloomfield, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Receipts (including transfers) from the City's governmental activities decreased 22.9% or \$941,878 from fiscal year 2010 to fiscal 2011.
- Disbursements of the City's governmental activities decreased 18.4% or \$767,557 from fiscal 2010 to fiscal 2011. Public safety disbursements decreased \$211,364 while community and economic development expenditures increased \$69,891, public works disbursements increased \$84,853, and capital projects disbursements decreased \$726,867.
- The City's total cash basis net assets increased 8.6% or \$211,948 from June 30, 2010 to June 30, 2011. Of this amount, the net assets of the governmental activities decreased \$247,303 and the net assets of the business type activities increased by \$459,251. This increase is due primarily to a decrease in capital project expenditures.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets - Cash Basis. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operation in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the non-major governmental funds and the City's indebtedness as well as the Schedule of Expenditures of Federal Awards.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets - Cash Basis reports information that helps answer this question.

The Statement of Activities and Net Assets - Cash Basis presents the City's cash basis net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets - Cash Basis is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water, sewer, electric and gas funds. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Funds and 5) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four enterprise Funds to provide separate information for the water, sewer, electric and gas funds, all four are considered to be major funds of the City.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$641,113 to \$393,810. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities

	Year Ended June 30,	
	<u>2011</u>	<u>2010</u>
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 317,928	\$ 300,307
Operating grants, contributions and restricted interest	554,527	288,428
Capital grants, contributions and restricted interest	393,938	310,965
General receipts:		
Property tax	742,459	687,520
Tax increment financing	331,049	341,642
Local option sales tax	200,231	264,442
Other general receipts	27,482	137,377
Transfers, net	<u>598,803</u>	<u>1,777,614</u>
Total receipts and transfers	<u>3,166,417</u>	<u>4,108,295</u>
Disbursements:		
Public safety	700,429	911,793
Public works	686,137	601,284
Culture and recreation	399,727	367,633
Community and economic development	207,620	137,729
General government	117,912	134,076
Capital projects	<u>1,301,895</u>	<u>2,028,762</u>
Total disbursements	<u>3,413,720</u>	<u>4,181,277</u>
Net change in cash basis net assets	(247,303)	(72,982)
Cash basis net assets beginning of year	<u>641,113</u>	<u>714,095</u>
Cash basis net assets end of year	\$ <u>393,810</u>	\$ <u>641,113</u>

The City's total receipts and transfers for governmental activities decreased 22.9% or \$941,878. Excluding transfers, receipts increased \$236,933 or 10.2% from the prior year. The increase in receipts was primarily the result of proceeds from grants received by the City during the current year.

The total cost (disbursements) of all programs and services decreased by \$767,557 or 18.4%. The decrease in disbursements was primarily the result of less expenditures for capital projects during the current year.

Changes in Cash Basis Net Assets of Business Type Activities

	Year Ended June 30,	
	<u>2011</u>	<u>2010</u>
Receipts:		
Program receipts:		
Water	\$ 822,385	\$ 703,614
Sewer	533,601	368,195
Electric	3,223,596	2,901,103
Gas	1,086,074	1,204,910
General receipts:		
Unrestricted interest on investments	20,552	18,892
Other general receipts	49,541	58,038
Total receipts	<u>5,735,749</u>	<u>5,254,752</u>
Disbursements and transfers:		
Water	747,974	740,070
Sewer	280,492	296,558
Electric	2,778,528	2,662,467
Gas	870,701	917,341
Transfers	598,803	1,777,614
Total disbursements and transfers	<u>5,276,498</u>	<u>6,394,050</u>
Net change in cash basis net assets	459,251	(1,139,298)
Cash basis net assets beginning of year	<u>1,828,835</u>	<u>2,968,133</u>
Cash basis net assets end of year	\$ <u>2,288,086</u>	\$ <u>1,828,835</u>

Total business type activities receipts for the fiscal year increased \$480,997 or 9.2%. The increase in receipts was primarily the result of an increase in electric collections.

Total business type activities disbursements and transfers decreased \$1,117,552 or 17.5%. Excluding transfers, disbursements increased \$61,259 or 1.3% from the prior year. This resulted primarily from an increase in purchased electricity by the Electric Fund.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Bloomfield, Iowa completed the year, its governmental funds reported a combined fund balance of \$393,810, a decrease of 38.6% from last year's total of \$641,113. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$64,622 from the prior year to \$(539,937) due to a decrease in receipts in the current year.
- The Employee Benefits cash balance increased \$24,020 from the prior year to \$233,927 due to a decrease in receipts in the current year (prior year increase was \$33,577).
- The Friends of the Bloomfield Library Fund cash balance increased \$33,753 from the prior year to \$155,602 due to an increase in receipts compared to the prior year.
- The Water and Sewer CDBG Fund cash balance decreased \$156,079 from prior year to \$159,679 due to an increase in expenditures in the current year.
- In total the non-major governmental funds cash balance decreased \$84,375 from the prior year to \$384,539.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased \$76,769 to \$275,515 due to an increase in charges for service.
- The Sewer Fund cash balance increased \$242,965 to \$478,276 due to an increase in charges for service.
- The Electric Fund cash balance increased \$340,295 to \$698,357, due to an increase in charges for service.
- The Gas Fund cash balance decreased \$200,778 to \$835,938 due to an increase in transfers out.

BUDGETARY HIGHLIGHTS

During the year ended June 30, 2011, the City amended its budget once resulting in an increase in budgeted expenditures of \$332,222.

DEBT ADMINISTRATION

At June 30, 2011 the City had \$145,000 in bonds and other long-term debt, compared to \$280,000 last year, as shown below.

Outstanding Debt at Year End

	Year ending June 30,	
	2011	2010
Revenue notes	\$ <u>145,000</u>	\$ <u>280,000</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. At June 30, 2011, the City had no general obligation debt outstanding and its constitutional debt limit was approximately \$2.5 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Bloomfield, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 budget, tax rates and fees charged for various City activities.

Inflation in the Midwest is somewhat higher than the national Consumer Price Index. The Midwest had a CPI increase of 5.25% for fiscal year 2011 compared with the national increase of 3.52%. Inflation has increased in part due to the state of the economy.

These indicators were taken into account when adopting the budget for fiscal year 2012. Amounts available for expenditure in FY 2012 are expected to increase \$360,964 compared to the final FY 2011 budget. Expenditures in the FY 2012 budget are expected to decrease \$602,049 compared to the final FY 2011 budget. As a result of the above receipts and expenditures, the ending cash balance is expected to increase \$969,899 by the end of FY 2012.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carol Taylor, City Clerk, 111 West Franklin, Bloomfield, Iowa 52537.

BASIC FINANCIAL STATEMENTS

CITY OF BLOOMFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Program Receipts</u>	
			<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Governmental activities:				
Public safety	\$ 700,429	\$ 18,413	\$ 12,715	\$ -
Public works	686,137	190,148	283,552	-
Culture and recreation	399,727	73,165	60,064	-
Community and economic development	207,620	36,202	198,196	-
General government	117,912	-	-	-
Capital projects	<u>1,301,895</u>	<u>-</u>	<u>-</u>	<u>393,938</u>
Total governmental activities	<u>3,413,720</u>	<u>317,928</u>	<u>554,527</u>	<u>393,938</u>
Business type activities:				
Water	747,974	822,385	-	-
Sewer	280,492	533,601	-	-
Electric	2,778,528	3,223,596	-	-
Gas	<u>870,701</u>	<u>1,086,074</u>	<u>-</u>	<u>-</u>
Total business type activities	<u>4,677,695</u>	<u>5,665,656</u>	<u>-</u>	<u>-</u>
Total	\$ <u>8,091,415</u>	\$ <u>5,983,584</u>	\$ <u>554,527</u>	\$ <u>393,938</u>

General receipts and transfers:

Property tax levied for:
General purposes
Tax increment financing
Local option sales tax
Unrestricted interest on investments
Miscellaneous
Transfers

Total general receipts and transfers

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

Cash Basis Net Assets

Restricted:

Nonexpendable

Expendable:

Streets

Urban renewal purposes

Other purposes

Unrestricted

Total cash basis net assets

See Notes to Financial Statements

Net (Disbursements) Receipts and
Changes in Cash Basis Net Assets

Governmental Activities	Business Type Activities	Total
\$ (669,301)	\$ -	\$ (669,301)
(212,437)	-	(212,437)
(266,498)	-	(266,498)
26,778	-	26,778
(117,912)	-	(117,912)
(907,957)	-	(907,957)
<u>(2,147,327)</u>	<u>-</u>	<u>(2,147,327)</u>
-	74,411	74,411
-	253,109	253,109
-	445,068	445,068
-	215,373	215,373
-	<u>987,961</u>	<u>987,961</u>
<u>(2,147,327)</u>	<u>987,961</u>	<u>(1,159,366)</u>
742,459	-	742,459
331,049	-	331,049
200,231	-	200,231
2,995	20,552	23,547
24,487	49,541	74,028
<u>598,803</u>	<u>(598,803)</u>	<u>-</u>
<u>1,900,024</u>	<u>(528,710)</u>	<u>1,371,314</u>
(247,303)	459,251	211,948
<u>641,113</u>	<u>1,828,835</u>	<u>2,469,948</u>
\$ <u>393,810</u>	\$ <u>2,288,086</u>	\$ <u>2,681,896</u>
\$ 119,965	\$ -	\$ 119,965
1,904	-	1,904
42,818	-	42,818
769,060	-	769,060
<u>(539,937)</u>	<u>2,288,086</u>	<u>1,748,149</u>
\$ <u>393,810</u>	\$ <u>2,288,086</u>	\$ <u>2,681,896</u>

CITY OF BLOOMFIELD, IOWA

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

	General	Special Revenue	Friends of the Bloomfield Library	Water & Sewer CDBG	Capital Projects	Hotel. Infrastructure	Other Non-Major Governmental Funds	Total
RECEIPTS:								
Property tax	\$ 453,669	\$ 288,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 742,459
Tax increment financing	-	-	-	-	-	-	331,049	331,049
Other City tax	-	-	-	-	-	-	226,184	226,184
Licenses and permits	29,456	-	-	-	-	-	-	29,456
Use of money and property	7,080	-	2,876	-	-	-	10,058	20,014
Intergovernmental	87,782	-	-	357,421	-	-	319,570	764,773
Charges for service	277,143	-	-	-	-	-	-	277,143
Miscellaneous	62,940	-	33,834	-	-	-	79,762	176,536
Total receipts	918,070	288,790	36,710	357,421	-	-	966,623	2,567,614
DISBURSEMENTS:								
Operating:								
Public safety	515,467	165,195	-	-	-	-	19,767	700,429
Public works	462,972	38,980	-	-	-	-	184,185	686,137
Culture and recreation	352,112	44,620	2,957	-	-	-	38	399,727
Community and economic development	133,964	-	-	-	-	-	73,656	207,620
General government	101,937	15,975	-	-	-	-	-	117,912
Capital projects	-	-	-	813,500	468,015	-	20,380	1,301,895
Total disbursements	1,566,462	264,770	2,957	813,500	468,015	-	298,026	3,413,720
Excess (deficiency) of receipts over (under) disbursements	(648,382)	24,020	33,753	(456,079)	(468,015)	-	668,597	(846,106)
Other financing sources (uses):								
Transfers in	583,760	-	-	300,000	488,015	-	14,921	1,366,696
Transfers out	-	-	-	-	-	-	(767,893)	(767,893)
Total other financing sources (uses)	583,760	-	-	300,000	488,015	-	(752,972)	598,803
Net change in cash balances	(64,622)	24,020	33,753	(156,079)	-	-	(84,375)	(247,303)
CASH BALANCES - Beginning of year	(475,316)	209,907	121,849	315,758	-	-	468,914	641,113
CASH BALANCES - End of year	\$ (539,937)	\$ 233,927	\$ 155,602	\$ 159,679	\$ -	\$ -	\$ 384,539	\$ 393,810
Cash Basis Fund Balances								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,965	\$ 119,965
Restricted for:								
Urban renewal purposes	-	-	-	-	-	-	42,818	42,818
Streets	-	-	-	-	-	-	1,904	1,904
Other purposes	-	233,927	155,602	159,679	-	-	219,852	769,060
Unassigned	(539,937)	-	-	-	-	-	-	(539,937)
Total cash basis fund balances	\$ (539,937)	\$ 233,927	\$ 155,602	\$ 159,679	\$ -	\$ -	\$ 384,539	\$ 393,810

CITY OF BLOOMFIELD, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
 PROPRIETARY FUNDS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Funds				
	Water	Sewer	Electric	Gas	Total
<u>Operating receipts:</u>					
Charges for service	\$ 822,385	\$ 533,601	\$ 3,223,596	\$ 1,086,074	\$ 5,665,656
<u>Operating disbursements:</u>					
Business type activities	598,171	280,492	2,778,528	870,701	4,527,892
Excess of operating receipts over operating disbursements	224,214	253,109	445,068	215,373	1,137,764
<u>Non-operating receipts (disbursements):</u>					
Interest on investments	2,893	2,887	6,360	8,412	20,552
Miscellaneous	22,336	9,840	10,541	6,824	49,541
Debt service	(149,803)	-	-	-	(149,803)
Total non-operating receipts (disbursements)	(124,574)	12,727	16,901	15,236	(79,710)
Excess of receipts over disbursements	99,640	265,836	461,969	230,609	1,058,054
<u>Other financing sources (uses):</u>					
Transfers in	27,129	27,129	634,129	-	688,387
Transfers out	(50,000)	(50,000)	(755,803)	(431,387)	(1,287,190)
Total other financing sources (uses)	(22,871)	(22,871)	(121,674)	(431,387)	(598,803)
Net change in cash balances	76,769	242,965	340,295	(200,778)	459,251
<u>CASH BALANCES - Beginning of year</u>	198,746	235,311	358,062	1,036,716	1,828,835
<u>CASH BALANCES - End of year</u>	\$ 275,515	\$ 478,276	\$ 698,357	\$ 835,938	\$ 2,288,086
<u>Cash Basis Fund Balances</u>					
Unrestricted	\$ 275,515	\$ 478,276	\$ 698,357	\$ 835,938	\$ 2,288,086

CITY OF BLOOMFIELD, IOWA

STATEMENT OF CHANGES IN CASH BALANCES
FIDUCIARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

	Private Purpose Expendable Trusts				
	Avenue of Flags	Drug Awareness Resistance Education	Library Memorial	South Cemetery	Total
<u>Additions:</u>					
Use of money and property:					
Interest on investments	\$ -	\$ 7	\$ 9,318	\$ 159	\$ 9,484
Miscellaneous:					
Donations	-	2,315	3,573	-	5,888
Total additions	-	2,322	12,891	159	15,372
<u>Deductions:</u>					
Public safety	-	752	-	-	752
Culture and recreation	-	-	8,485	-	8,485
Net change in cash balances	-	1,570	4,406	159	6,135
<u>CASH BALANCES</u> - Beginning of year	47	(1,383)	518,994	11,672	529,330
<u>CASH BALANCES</u> - End of year	\$ 47	\$ 187	\$ 523,400	\$ 11,831	\$ 535,465
<u>CASH BASIS FUND BALANCES</u>					
Restricted for special purpose	\$ 47	\$ 187	\$ 523,400	\$ 11,831	\$ 535,465

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bloomfield, Iowa is a political subdivision of the State of Iowa located in Davis County. It was first incorporated in 1855 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, electric and gas utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Bloomfield, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Bloomfield, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

The Friends of the Bloomfield Library was established as a non-profit corporation in accordance with Chapter 504A of the Code of Iowa. The Friends of the Bloomfield Library is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although the Friends of the Bloomfield Library is legally separate from the City, its purpose is to benefit the City of Bloomfield, Iowa (the primary government) by soliciting contributions and managing those funds.

Joint Ventures

The City participates in the Mutchler Community Center Commission. The Commission was developed under a 28E agreement with Davis County for the construction, operation and maintenance of a community center.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Davis County Assessor's Conference Board, Davis County E-911 Joint Service Board and Davis County Emergency Management Commission. The City also participates in the Davis County Regional Service Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

B. Basis of Presentation

Government-wide Financial Statement – The Statement of Activities and Net Assets - Cash Basis reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

CITY OF BLOOMFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in the following categories/components:

Nonexpendable restricted net assets are subject to externally imposed stipulations which require them to be maintained permanently by the City.

Expendable restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets - Cash Basis demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statement. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue - The Employee Benefits Fund is used to account for property taxes levied to pay for a portion of the City's employee benefits. The Friends of the Bloomfield Library fund is used to account for donations and expenses paid for the benefit of the Bloomfield Library.

Capital Projects - The Water and Sewer CDBG fund is used to account for capital projects financed in part with CDBG funds. The Hotel Infrastructure Fund is used to account for receipts and disbursements related to the extension of utility service to areas not previously provided service.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Electric Fund accounts for the operation and maintenance of the City's electric distribution system.

The Gas Fund accounts for the operation and maintenance of the City's gas distribution system.

CITY OF BLOOMFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City also reports fiduciary funds which focus on changes on cash basis net assets. The City's fiduciary funds include the following:

The Private Purpose Expendable Trust Funds are used to account for assets held by the City under trust agreements which require income earned to be used to benefit particular programs.

C. Measurement Focus and Basis of Accounting

The City of Bloomfield, Iowa maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary funds of the City applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances:

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Council intends to use for specific purposes.

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

CITY OF BLOOMFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2: CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

NOTE 3: NOTES PAYABLE

Annual debt service requirements to maturity for revenue notes are as follows:

<u>Year Ending June 30,</u>	<u>Revenue Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ <u>145,000</u>	\$ <u>7,467</u>

The resolutions providing for the issuance of the revenue notes include the following provisions.

- a. The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- b. Sufficient monthly transfers shall be made to a separate water revenue note sinking account within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- c. An amount equal to 25% of the monthly transfer to the sinking account shall be made to a water reserve account until a specified amount is accumulated and maintained. The water reserve account is required to accumulate the lesser of ten percent of the stated principal amount of the notes, the maximum annual principal and interest coming due on the notes, or 125% of the average annual principal and interest coming due on the notes. At June 30, 2011 the allowable reserve fund amount is computed to be \$14,500.
- d. Additional monthly transfers of \$4,000 to a water improvements account shall be made until a minimum balance of \$400,000 is accumulated. This account is restricted for the purpose of paying for any deficiencies in the revenue note sinking account, then for capital improvements, renewals and replacements and extraordinary repairs.

The City has established the sinking, reserve and improvements accounts required by the note resolution and have complied with the related provisions.

NOTE 4: PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the City is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$81,743, \$74,843, and \$66,220, respectively, equal to the required contributions for each year.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5: COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, compensatory time, casual hours and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, compensatory time and sick leave payments payable to employees at June 30, 2011, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 45,698
Compensatory time	9,995
Sick leave	58,508
Casual	<u>5,549</u>
Total	\$ <u>119,750</u>

Sick leave is payable when used or, after an employment period of at least ten (10) years, upon termination, retirement or death.

This liability has been computed based on rates of pay in effect at June 30, 2011.

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 24 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a full-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$427 for single coverage and \$1,310 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2011, the City contributed \$217,690 and plan members eligible for benefits contributed \$51,649 to the plan.

CITY OF BLOOMFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
	Special Revenue:	
General	Other Tax Increment Financing	\$ 6,260
	Hotel/Motel Tax	8,000
	Sports Complex	19,500
	Enterprise:	
	Water	50,000
	Gas	50,000
	Sewer	50,000
	Electric	<u>400,000</u>
		<u>583,760</u>
Capital Projects:	Enterprise:	
Water & Sewer CDBG	Gas	<u>300,000</u>
Special Revenue:	Enterprise:	
Spec Building	Electric	<u>14,921</u>
Enterprise:	Enterprise:	
Electric	Gas	27,129
	Special Revenue:	
	Local Option Sales Tax	240,000
	Road Use Tax	45,000
	Other Tax Increment Financing	<u>322,000</u>
		<u>634,129</u>
Capital Projects:	Enterprise:	
Hotel Infrastructure	Electric	340,882
	Capital Project:	
	ABCM Corporation Economic Development	<u>127,133</u>
		<u>468,015</u>
Enterprise:	Enterprise:	
Water	Gas	<u>27,129</u>
Enterprise:	Enterprise:	
Sewer	Gas	<u>27,129</u>
		\$ <u>2,055,083</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

NOTE 8: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9: DEFICIT BALANCES

The General Fund had a deficit balance of \$539,937 at June 30, 2011. This deficit will be eliminated with future program receipts.

NOTE 10: ECONOMIC DEVELOPMENT LOANS

On April 1, 2001, the City of Bloomfield, Iowa loaned \$300,000 to a local business to construct and equip an assisted and independent living facility to be located in the City. The loan bears interest at 7% and is to be repaid to the City in annual installments of \$42,713 including interest, from April 1, 2001 through April 1, 2011. The loan was paid in full during the year ended June 30, 2011.

CITY OF BLOOMFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11: HEALTH INSURANCE

The City has a group insurance policy which provides comprehensive medical coverage for eligible employees and, if elected, their spouses and dependents. The City's group insurance is a partial self-funded health plan. Under the partial self-funded plan, the City will reimburse eligible employee's for deductibles as well as out-of-pocket expenses. The amount of the deductibles and out-of-pocket expenses for employees are as follows:

	<u>Deductible</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 500	\$ 1,000

	<u>Out-of-Pocket</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 1,500	\$ 3,000

The policy period is from January 1 to December 31. For the policy period the City has a maximum liability commitment of \$115,000. As of June 30, 2011 there is a remaining maximum liability commitment of \$70,077.

NOTE 12: CONSTRUCTION COMMITMENTS

During the year ended June 30, 2011, the City approved various construction contracts. Payments on the contracts will be made as the work on the projects is completed.

NOTE 13: COMMITMENTS AND CONTINGENCIES

Prior to July 1, 2007, the City of Bloomfield, Iowa received on behalf of Davis County Daycare a CDBG grant for \$600,000 to be used for the construction of the daycare facility. In addition, the City also received two USDA loans on behalf of the daycare. These were also used for construction costs. If the daycare were to default on these loans prior to June 30, 2011, the City would be required to return the \$600,000 CDBG grant. During the fiscal year ended June 30, 2008, the daycare experienced financial difficulties, and the City agreed to provide financial support to the daycare. For the year ended June 30, 2011, 2010, 2009 and 2008, the City paid Davis County Daycare \$22,080, \$37,080, \$37,580 and \$59,962 respectively.

On April 28, 2011, the City of Bloomfield, Iowa and Bloomfield Main Street, Inc. entered into an \$800,000 line of credit loan agreement with Success Bank for the payment of redevelopment and construction project costs. The line of credit is to provide access to funds to pay certain approved expenses of projects funded by an Iowa Jobs Main Street Program grant award in the amount of \$808,000. The grant will be used in part, to pay principal and interest payments on the loan. Advances are subject to a fixed interest rate of 6.0% and are due semi-annually in June and December. The loan balance at June 30, 2011 was \$62,967. In the event that Bloomfield Mainstreet, Inc. does not pay principal and interest payments when due, the City is obligated to make payment.

NOTE 14: RELATED PARTY TRANSACTIONS

The City had business transactions between the City and City officials totaling \$600 during the year ended June 30, 2011.

NOTE 15: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2010 have been reclassified to conform with June 30, 2011 presentation.

NOTE 16: SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 26, 2012 the date statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BLOOMFIELD, IOWA

BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2011

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Less Funds not Required to <u>be Budgeted</u>
<u>RECEIPTS:</u>			
Property tax	\$ 742,459	\$ -	\$ -
Tax increment financing	331,049	-	-
Other City tax	226,184	-	-
License and permits	29,456	-	-
Use of money and property	20,014	20,552	2,876
Intergovernmental	764,773	-	-
Charges for service	277,143	5,665,656	-
Miscellaneous	<u>176,536</u>	<u>49,541</u>	<u>33,834</u>
Total receipts	<u>2,567,614</u>	<u>5,735,749</u>	<u>36,710</u>
<u>DISBURSEMENTS:</u>			
Public safety	700,429	-	-
Public works	686,137	-	-
Culture and recreation	399,727	-	2,957
Community and economic development	207,620	-	-
General government	117,912	-	-
Capital projects	1,301,895	-	-
Business type activities	<u>-</u>	<u>4,677,695</u>	<u>-</u>
Total disbursements	<u>3,413,720</u>	<u>4,677,695</u>	<u>2,957</u>
Excess (deficiency) of receipts over (under) disbursements	(846,106)	1,058,054	33,753
Other financing sources (uses), net	<u>598,803</u>	<u>(598,803)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(247,303)	459,251	33,753
<u>BALANCES - Beginning of year</u>	<u>641,113</u>	<u>1,828,835</u>	<u>121,849</u>
<u>BALANCES - End of year</u>	\$ <u>393,810</u>	\$ <u>2,288,086</u>	\$ <u>155,602</u>

<u>Total</u>	<u>Budgeted Amounts</u>		<u>Final to Total Variance</u>
	<u>Original</u>	<u>Final</u>	
\$ 742,459	\$ 746,021	\$ 746,229	\$ (3,770)
331,049	339,260	339,260	(8,211)
226,184	224,208	224,000	2,184
29,456	35,025	35,025	(5,569)
37,690	67,928	101,165	(63,475)
764,773	984,340	735,756	29,017
5,942,799	5,993,040	6,396,450	(453,651)
192,243	50,800	47,520	144,723
<u>8,266,653</u>	<u>8,440,622</u>	<u>8,625,405</u>	<u>(358,752)</u>
700,429	705,503	715,698	15,269
686,137	868,320	822,436	136,299
396,770	394,167	420,423	23,653
207,620	127,950	208,325	705
117,912	128,410	129,145	11,233
1,301,895	701,500	1,328,050	26,155
<u>4,677,695</u>	<u>5,360,447</u>	<u>4,994,442</u>	<u>316,747</u>
<u>8,088,458</u>	<u>8,286,297</u>	<u>8,618,519</u>	<u>530,061</u>
178,195	154,325	6,886	171,309
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
178,195	154,325	6,886	171,309
<u>2,348,099</u>	<u>2,189,784</u>	<u>2,877,423</u>	<u>(529,324)</u>
\$ <u>2,526,294</u>	\$ <u>2,344,109</u>	\$ <u>2,884,309</u>	\$ <u>(358,015)</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

JUNE 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Funds and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$332,222. The budget amendment is reflected in the final budgeted amounts.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BLOOMFIELD, IOWA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue							
	Local Option Sales Tax	Road Use Tax	Chevron Tax Increment Financing	Other Tax Increment Financing	Farm to Market	Local Housing Assistance Program	I-JOBS	Hotel/ Motel Tax
RECEIPTS:								
Tax increment financing	\$ -	\$ -	\$ -	\$ 331,049	\$ -	\$ -	\$ -	\$ -
Other City tax	200,231	-	-	-	-	-	-	25,953
Use of money and property	-	-	-	-	-	-	-	-
Intergovernmental	-	237,747	-	-	-	-	13,823	-
Miscellaneous	-	-	-	-	-	-	-	-
Total receipts	<u>200,231</u>	<u>237,747</u>	<u>-</u>	<u>331,049</u>	<u>-</u>	<u>-</u>	<u>13,823</u>	<u>25,953</u>
DISBURSEMENTS:								
Operating:								
Public safety	-	-	-	-	19,767	-	-	-
Public works	-	170,362	-	-	-	-	13,823	-
Culture and recreation	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	17,412	-	-	-	5,824
Capital projects	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>170,362</u>	<u>-</u>	<u>17,412</u>	<u>19,767</u>	<u>-</u>	<u>13,823</u>	<u>5,824</u>
Excess (deficiency) of receipts over (under) disbursements	<u>200,231</u>	<u>67,385</u>	<u>-</u>	<u>313,637</u>	<u>(19,767)</u>	<u>-</u>	<u>-</u>	<u>20,129</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(240,000)	(45,000)	-	(328,260)	-	-	-	(8,000)
Total other financing sources (uses)	<u>(240,000)</u>	<u>(45,000)</u>	<u>-</u>	<u>(328,260)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,000)</u>
Net change in cash balances	(39,769)	22,385	-	(14,623)	(19,767)	-	-	12,129
CASH BALANCES - Beginning of year	<u>65,724</u>	<u>(20,481)</u>	<u>244</u>	<u>57,197</u>	<u>115,996</u>	<u>5,948</u>	<u>-</u>	<u>27,159</u>
CASH BALANCES - End of year	\$ <u>25,955</u>	\$ <u>1,904</u>	\$ <u>244</u>	\$ <u>42,574</u>	\$ <u>96,229</u>	\$ <u>5,948</u>	\$ <u>-</u>	\$ <u>39,288</u>
Cash Basis Fund Balances								
Nonspendable:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:								
Urban renewal	-	-	244	42,574	-	-	-	-
Streets	-	1,904	-	-	-	-	-	-
Other purposes	<u>25,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,229</u>	<u>5,948</u>	<u>-</u>	<u>39,288</u>
	\$ <u>25,955</u>	\$ <u>-</u>	\$ <u>244</u>	\$ <u>42,574</u>	\$ <u>96,229</u>	\$ <u>5,948</u>	\$ <u>-</u>	\$ <u>39,288</u>

SCHEDULE 1

Capital Projects							Permanent		Total
Spec Building	Mainstreet	ABCM Corporation Economic Development	Park Improvements	Lake Project	Sports Complex	CDBG Downtown Revitalization	IOOF Cemetery Perpetual Care	Library Request	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,049
-	-	-	-	-	-	-	-	-	226,184
-	-	8,200	-	-	-	-	1,785	73	10,058
-	25,983	-	5,500	-	-	36,517	-	-	319,570
-	-	77,226	-	-	-	-	2,536	-	79,762
-	25,983	85,426	5,500	-	-	36,517	4,321	73	966,623
-	-	-	-	-	-	-	-	-	19,767
-	-	-	-	-	-	-	-	-	184,185
-	-	-	-	-	-	-	-	38	38
14,921	30,559	-	4,940	-	-	-	-	-	73,656
-	-	-	-	-	-	20,380	-	-	20,380
14,921	30,559	-	4,940	-	-	20,380	-	38	298,026
(14,921)	(4,576)	85,426	560	-	-	16,137	4,321	35	668,597
14,921	-	-	-	-	-	-	-	-	14,921
-	-	(127,133)	-	-	(19,500)	-	-	-	(767,893)
14,921	-	(127,133)	-	-	(19,500)	-	-	-	(752,972)
-	(4,576)	(41,707)	560	-	(19,500)	16,137	4,321	35	(84,375)
-	4,587	41,707	312	30,000	19,500	-	115,644	5,377	468,914
\$ -	\$ 11	\$ -	\$ 872	\$ 30,000	\$ -	\$ 16,137	\$ 119,965	\$ 5,412	\$ 384,539
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,965	\$ -	\$ 119,965
-	-	-	-	-	-	-	-	-	42,818
-	-	-	-	-	-	-	-	-	1,904
-	11	-	872	30,000	-	16,137	-	5,412	219,852
\$ -	\$ 11	\$ -	\$ 872	\$ 30,000	\$ -	\$ 16,137	\$ -	\$ 5,412	\$ 384,539

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2011

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>
Revenue notes:			
Water revenue refunding capital loan notes	May 1, 2001	5.15%	\$ <u>1,265,000</u>

SCHEDULE 2

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed/ Cancelled During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ <u>280,000</u>	\$ <u>-</u>	\$ <u>135,000</u>	\$ <u>145,000</u>	\$ <u>14,353</u>	\$ <u>-</u>

CITY OF BLOOMFIELD, IOWA

SCHEDULE 3

NOTE MATURITIES
JUNE 30, 2011

<u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>Revenue Notes</u>	
	<u>Water</u>	
	<u>Issued May 1, 2001</u>	
	<u>Interest</u>	
	<u>Rate</u>	<u>Amount</u>
2012	5.15	<u>145,000</u>
Total		\$ <u>145,000</u>

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS

FOR THE LAST TEN YEARS

	<u>2011</u>		<u>2010</u>		<u>2009</u>		<u>2008</u>
<u>RECEIPTS:</u>							
Property tax	\$ 742,459	\$	687,520	\$	670,808	\$	648,956
Tax increment financing	331,049		341,642		337,333		229,279
Other City tax	226,184		264,442		260,230		222,356
Licenses and permits	29,456		38,537		39,893		6,383
Use of money and property	20,014		16,337		34,472		86,602
Intergovernmental	764,773		597,863		322,455		704,311
Charges for service	277,143		296,742		299,455		250,983
Miscellaneous	<u>176,536</u>		<u>87,598</u>		<u>186,714</u>		<u>149,039</u>
Total	\$ <u>2,567,614</u>	\$	\$ <u>2,330,681</u>	\$	\$ <u>2,151,360</u>	\$	\$ <u>2,297,909</u>
<u>DISBURSEMENTS:</u>							
Operating:							
Public safety	\$ 700,429	\$	911,793	\$	813,615	\$	712,514
Public works	686,137		601,284		669,967		747,352
Culture and recreation	399,727		367,633		413,019		290,368
Community and economic development	207,620		137,729		282,121		202,406
General government	117,912		134,076		126,002		106,464
Debt service	-		-		-		-
Capital projects	<u>1,301,895</u>		<u>2,028,762</u>		<u>901,765</u>		<u>117,499</u>
Total	\$ <u>3,413,720</u>	\$	\$ <u>4,181,277</u>	\$	\$ <u>3,206,489</u>	\$	\$ <u>2,176,603</u>

SCHEDULE 4

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 648,869	\$ 677,166	\$ 700,028	\$ 687,854	\$ 601,513	\$ 576,651
195,389	48,809	72,923	128,446	123,729	104,117
214,790	207,427	202,659	120,634	17,100	15,528
34,314	37,308	5,715	4,677	5,935	4,921
75,362	63,639	54,844	55,716	56,231	65,499
344,541	453,287	847,035	465,412	435,292	320,761
248,742	261,650	266,904	240,094	240,822	234,057
188,282	63,940	50,232	79,656	193,619	110,869
<u>\$ 1,950,289</u>	<u>\$ 1,813,226</u>	<u>\$ 2,200,340</u>	<u>\$ 1,782,489</u>	<u>\$ 1,674,241</u>	<u>\$ 1,432,403</u>
\$ 566,472	\$ 571,870	\$ 535,694	\$ 545,478	\$ 565,348	\$ 531,660
924,508	477,861	520,585	737,083	467,857	514,263
262,538	307,765	262,042	268,797	327,575	270,927
206,898	95,360	471,511	176,650	394,594	111,106
112,061	104,437	104,241	117,787	115,138	124,218
-	-	-	258,414	55,846	58,712
27,720	2,356,824	819,655	-	-	182,799
<u>\$ 2,100,197</u>	<u>\$ 3,914,117</u>	<u>\$ 2,713,728</u>	<u>\$ 2,104,209</u>	<u>\$ 1,926,358</u>	<u>\$ 1,793,685</u>

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Federal Aviation Administration:			
Airport Improvement Program	20.106	-	\$ <u>153,429</u>
Indirect:			
Department of Homeland Security:			
Disaster Grants - Public Assistance	97.036	-	<u>20,866</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's			
Program and Non-entitlement Grants in Hawaii	14.228	09-DTR-005	63,091
Community Development Block Grants/State's			
Program and Non-entitlement Grants in Hawaii	14.228	09-WS-006	<u>498,865</u>
			<u>561,956</u>
			\$ <u>736,251</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Bloomfield, Iowa and is presented on the cash basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the City Council

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated March 26, 2012. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Bloomfield, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Bloomfield, Iowa's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-11 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-11 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bloomfield, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Bloomfield, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Bloomfield, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Bloomfield, Iowa and other parties to whom the City of Bloomfield, Iowa may report including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bloomfield, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa
March 26, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and
Members of the City Council:

Compliance

We have audited the City of Bloomfield, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Bloomfield, Iowa's major federal program for the year ended June 30, 2011. The City of Bloomfield, Iowa's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to its major federal program is the responsibility of the City of Bloomfield, Iowa's management. Our responsibility is to express an opinion on the City of Bloomfield, Iowa's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bloomfield, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Bloomfield, Iowa's compliance with those requirements.

In our opinion, the City of Bloomfield, Iowa complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

Internal Control over Compliance

The management of the City of Bloomfield, Iowa, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Bloomfield, Iowa's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-11 to be a material weakness.

The City of Bloomfield, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Bloomfield, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Bloomfield, Iowa and other parties to whom the City of Bloomfield, Iowa may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

ANDERSON, LARKIN & CO. P.C.

Bloomfield, Iowa
March 26, 2012

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Part I: Summary of the Independent Auditor's Results

- a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) A material weakness in internal control over the major program was disclosed by the audit of the financial statements.
- e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) The major program was CFDA Number 14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii.
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) The City of Bloomfield, Iowa did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

Internal Control Deficiencies:

- II-A-11 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash is received and recorded by the same person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

- II-B-11 Fund Classifications – The City's annual financial report did not include the new fund balance classifications required by GASB 54.

Recommendation – The City should consider revising their annual financial report to comply with GASB 54.

Response – We will do so.

Conclusion – Response accepted.

CITY OF BLOOMFIELD, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Instances of Noncompliance:

No matters were noted.

Part III: Findings and Questioned Costs For Federal Awards:

Instances of Noncompliance:

No matters were noted.

Internal Control Deficiencies:

CFDA Number 14.228: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii.

Pass-through Agency Number: 09-WS-006 and 09-DTR-005

Federal Award Year: 2009

U.S. Department of Housing and Urban Development

Passed through the Iowa Department of Economic Development

III-A-11 Segregation of Duties over Federal Receipts – The City did not properly segregate collection, deposit and record-keeping for receipts, including those related to federal programs. See item II-A-11.

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-11 Certified Budget – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted.

IV-B-11 Questionable Disbursements – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-11 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-11 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Craig Scott, Council Member/Fire Chief	Maintenance at Bloomfield Fire Department	\$600

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Craig Scott do not appear to represent conflicts of interest since the total transactions were less than \$1,500 during the fiscal year.

IV-E-11 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-11 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting (Continued)

IV-G-11 Deposits and Investments – An instance of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investments policy was noted. The City does not have public funds custodial agreements with all of the financial institutions the City does business with as required by Chapter 128.10C of the Code of Iowa.

Recommendation – The City should obtain public funds custodial agreements for all of the City's depositories.

Response – We will do so.

Conclusion – Response accepted.

IV-H-11 Financial Condition – The General fund had a deficit balance at June 30, 2011.

Recommendation – The City should investigate alternatives to eliminate this deficit in order to return the fund to a sound financial position.

Response – We will review our budgeting and financial management procedures. The deficit will be eliminated with future receipts.

Conclusion – Response acknowledged.

IV-I-11 Revenue Bonds and Notes – No instances of non-compliance with revenue bond and note resolutions were noted.